

MINUTES

KANSAS ELECTRIC TRANSMISSION AUTHORITY

July 12, 2010
Room 548-S—Statehouse

Members Present

Representative Carl Holmes, Chairperson
Earnie Lehman, Vice-chairperson
Tim McKee, Secretary
Senator Pat Apple
Les Evans
Senator Janis Lee

Staff Present

Cindy Lash, Kansas Legislative Research Department
Heather O'Hara, Kansas Legislative Research Department
Matt Sterling, Office of the Revisor of Statutes
Rebecca Wempe, Stevens and Brand, L.L.P. (by phone)

Chairperson Holmes called the meeting to order at 10:00 a.m. He proposed amending the agenda to combine the discussion of the expenditure report and the budget, add remarks by Dorothy Barnett, Heartland Alliance for Regional Transmission, during discussion of the Eastern Interconnection Planning Collaborative (EIPC), and move discussion of the 2nd Stipulation and Agreement to immediately follow discussion of KETA's contract for legal services. *Mr. Lehman made a motion to accept the agenda as amended. Senator Lee seconded the motion. The motion carried.*

The Chairperson recognized Cindy Lash, Legislative Research Department, for introduction of Heather O'Hara, who will staff KETA with Ms. Lash and will staff some utilities committees as well. Ms. O'Hara has been a fiscal analyst in the Department for four years, and moved to the general research side of the Department this summer.

The Chairperson asked for a motion to approve the minutes of April 22, 2010 and April 30, 2010. *Mr McKee moved approval of the minutes. Senator Lee seconded the motion. The motion carried (Attachments 1 and 2).*

Chairperson Holmes recognized Cindy Lash for review of the expenditure report for fiscal year 2010 and the budget for fiscal year 2011. With carryover from 2010, the Authority will have approximately available \$211,000 for fiscal year 2011 (Attachment 3).

The Chairperson acknowledged correspondence received by the Authority (Attachment 4), and recognized Mr. McKee for discussion of correspondence and activities with other state infrastructure authorities (Attachment 5). The authorities held a conference call on July 1, 2010. They are tentatively planning a meeting in Salt Lake City on September 15, 2010 to report on projects and activities, and to discuss taxation of bonds issues for construction of infrastructure and the need for a private use exemption from federal taxation on these projects. The Chairperson authorized Mr. McKee to attend the meeting in Salt Lake City to represent Kansas.

The Chairperson recognized Rebecca Wempe, Stevens & Brand, L.L.P, regarding renewal of the contract for legal services. KETA has contracted with Stevens & Brand since 2007, under a contract that is subject to annual renewal. The firm proposes an increase in rates to \$175.00 per hour for partners beginning July 1, 2010. *Mr. McKee moved the Authority approve the proposed rates and renew the contract for one year. Mr. Evans seconded the motion. The motion carried* (Attachment 6).

The Authority discussed the amount to be encumbered for legal services in fiscal year 2011. *Mr. Lehman moved to encumber \$30,000; the motion was seconded by Mr. McKee. The motion carried.*

The Chairperson recognized Ms. Wempe for discussion of the 2nd Stipulation and Agreement between ITC and Prairie Wind. She stated the document contemplates construction of the V-Plan as double circuit 345kV, but if a Notice to Construct from SPP is issued for 765kV, the 1st Stipulation and Agreement would be in force. All signatories to the 1nd Stipulation and Agreement signed the 2nd Stipulation, other than Chermac Energy (Attachment 7).

Ms. Wempe advised the Authority the Nebraska Public Power District (NPPD) requested a modification and rehearing of the Federal Energy Regulatory Commission (FERC) order adopting the highway-byway cost allocation plan submitted by the Southwest Power Pool (SPP). Ms. Wempe summarized NPPD's position. After discussion by the Authority, *Mr. Lehman moved that KETA authorize Ms. Wempe to file an answer with FERC on behalf of KETA supporting the actions by FERC and SPP on the cost allocation plan, if appropriate. Senator Lee seconded the motion. The motion carried.*

The Chairperson recognized Jay Caspary, SPP, who presented an update on transmission development. Mr. Caspary noted that having certainty in cost allocation is critical to developing transmission. He described the highway/byway allocation, and discussed high-voltage (345kV+) projects approved in the region. The ultimate decision on whether the V-Plan will be 765kV or double circuit 345kV will be made in the next few months. Mr. Caspary also discussed inter-regional planning, and noted that www.eipconline.com is the website for information on the Eastern Interconnection Planning Collaborative. He discussed a map showing conceptual plans for transmission lines that would be needed if 16,000kW of wind were brought on line. Mr. Caspary described policy initiatives looking at land use and generation connection. He noted the Integrated Transmission Plan will be presented in January 2011. In response to questions about a merger between SPP and Entergy, Mr. Caspary said SPP is beginning to receive analyses on the issue. SPP and Entergy already integrate plans, but it would take many years to implement a merger (Attachment 8).

The Chairperson recognized Carl Huslig, ITC, for a presentation on the Eastern Interconnection Planning Collaborative (EIPC). Mr. Huslig noted \$60 million in federal stimulus was made available for planning. The EIPC received \$16 million, and a related state consortium, the Eastern Interconnection Planning State Coalition (EIPSC) received \$14 million. Alan Myers, ITC, was selected to be part of the EIPC stakeholder process. Mr. Myers reported that the Eastern Interconnection has more than 600 gigawatts of connected customer demand. The EIPC is charged with “rolling-up” the transmission plans of all the planning authorities in the Eastern Interconnection to develop inter-regional expansion scenarios and options (Attachment 9).

The Chairperson recognized Dorothy Barnett, Heartland Alliance for Regional Transmission (HART) who reported her organization, which partially is funded by the Department of Energy, is charged with selecting a stakeholder group to provide input to the EIPC. The stakeholder group will provide information, offer a forum for discussion, link local decision-makers to the planning process, and conduct an outreach program across the region (Attachment 10).

The Authority received feedback from its attorney Rebecca Wempe regarding potentially filing an answer to NPPD's request for rehearing on FERC's order adopting SPP's highway-byway cost allocation plan. Following discussion, *Mr. McKee moved the Authority reconsider its earlier vote to authorize an answer if necessary, and instead wait for further information before taking action. Mr. Lehman seconded the motion. The motion carried* (Attachment 11).

The Chairperson turned to the agenda item regarding wind projects needed to meet Kansas' Renewable Energy Standard (RES). He recognized Greg Greenwood, Westar, who reported the company plans to issue a request for proposal later this summer that would add 150 megawatts (MW) of renewable energy to Westar's generating mix. The facility could be located at Westar's Ironwood site or at an alternative site. Westar will need approximately 450 MW to meet the 10 percent RES for 2011 - 2015. John Grimwade, Kansas City Power & Light (KCP&L), said his company sent out requests for proposals in December 2009 and currently is reviewing the responses. One RFP was to complete development of the Spearville 2 project (100 MW); the other RFP was for 200 MW in service in 2011 (Attachment 12).

Mr. Lehman commented that not much additional wind is needed for Westar and KCP&L to meet requirements. Until a national RES is adopted, there may not be much additional wind development in Kansas. New additional wind coming on line will need to be exported.

The Chairperson recognized Greg Greenwood, Westar, for an update on transmission. The Reno-Summit 345kV line is anticipated to be in service at the end of September 2010. Regarding the Rose Hill-Sooner 345kV line, which is approximately 50 miles in length, Westar completed right of way acquisition on 130 tracts of land, and has filed condemnation proceedings on the remaining nine tracts of land. Right of way clearing has begun. Project design is about 60 percent complete. Construction should get fully underway in spring 2011, with an expected in-service date of summer 2012.

Greg Greenwood, Westar and Carl Huslig, ITC provided a joint update on the V-Plan. Notices to Construct went out on June 30, 2010 for double circuit 345kV line, with in-service dates for all segments set for the end of 2014. They have been meeting with environmental groups to come up with a good route from Comanche County to Medicine Lodge to avoid sensitive areas. They would like to identify an agreement before filing the route with the Kansas Corporation Commission (KCC). Regarding the uncertainty of whether the line will ultimately be

constructed as 765kV or double circuit 345kV, the companies will propose a corridor wide enough for 765kV at the upcoming open houses.

Carl Huslig, ITC, provided an update on the KETA line. For Phase I (Spearville to Post Rock), approximately 50 percent of the right of way has been acquired. One condemnation is likely. The line is on target to be in service in mid-2012. ITC recently received the siting order for Phase 2 (Post Rock to the Nebraska border) from the KCC. The in-service date is the end of 2012. Mr. Huslig will provide a copy of the Nebraska siting order, which will be distributed to the Board ([Attachment 13](#)).

The Chairperson recognized Dan Hartman, Northwest Kansas Regional Energy Collaborative (NWKREC), who is seeking funding for a study to evaluate the cost benefit of a high-voltage transmission line in northwest Kansas. They have a partner who has agreed to pay at least half the cost; Mr. Hartman hopes KETA will consider funding the study as well. The cost of the study is unknown, and the project needs further definition. The Chairperson noted that until there is a national RES, there is no guaranteed demand for Kansas wind. It appears when currently proposed transmission is in place, Kansas will be able to meet its RES through 2020. Mr. Hartman noted he made a presentation to the Southwest Power Pool, but has not received a specific response. Mr. Hartman provided a handout entitled "State Power Import Fees" in response to questions raised at a previous meeting ([Attachment 14](#)).

The Board turned to discussion of the business plan ([Attachment 15](#)):

- KETA has been actively monitoring current transmission projects, and is paying close attention to the SPP in terms of supporting the region-wide bulk transmission system.
 - Members discussed attendance at various SPP meetings and the transmission infrastructures meeting. *Mr. McKee moved KETA approve Mr. Lehman's attendance at the SPP Regional State Committee and Board of Directors meetings on August 26-27 in Omaha. Senator Lee seconded the motion. The motion carried.* Members discussed the SPP sub-regional meeting in Kansas City on August 3. Senator Apple, Chairperson Holmes and Mr. Evans may be able to attend. *Mr. Lehman moved the three members mentioned be approved to attend the meeting on August 3rd. Mr. McKee seconded the motion. The motion carried.* The Regional State Committee and the Board of Directors will meet in Kansas City on October 25-26. All KETA members are authorized to attend these meetings ([Attachments 16 and 17](#)).
 - Members agreed to defer evaluating KETA financing alternatives and impacts. There are no projects currently under consideration that are sufficiently advanced for financing to be an issue.
 - KETA will request regular updates at its meetings from groups that are monitoring the EIPC.
- KETA sent out a letter on April 15th requesting input from its stakeholders, and received limited response. KETA will hold a round-robin discussion with wind developers at the next meeting or two to get a better idea of what developers need to go forward. Kimberly Svaty volunteered to facilitate the roundtable, and generate a list of potential topics to be discussed. The roundtable will take place at the next KETA meeting, October 27th, which will be held at the KCC.

- Members discussed the nature of collector systems. The spoke-and-wheel structure around Hitchland, OK is an example of such a system.
- Mr. McKee will attend the meeting of state infrastructure authorities in Salt Lake City on September 15th.

The Chairperson recognized Carl Huslig, ITC, who addressed ITC's interest in a study of high-voltage transmission in northwest Kansas. After discussion, the Chairperson requested Mr. Huslig prepare a proposal, which would be subject to a full public hearing. Mr. Huslig noted a study might be completed for \$100,000 or less, and ITC would consider funding half the cost. Mr. Huslig will develop a proposal, which will be distributed to the Authority. Senator Apple suggested the Authority develop criteria for funding transmission studies, to establish a basis for considering future requests. Chairperson Holmes expressed concern that the study under discussion is too narrow in scope.

The Chairperson adjourned the meeting at 2:30 p.m.

Respectfully submitted,

Tim McKee, Secretary

Approved by the Authority on:

October 27, 2010

(Date)